



State of California

Franchise Tax Board

Tribal Leaders Consultation Session & Interested Parties Meeting

Agenda

- Welcome
- Contacts
- Resources
- Audit & Filing Process
- Declaration Form
- Electronic List
- Open Comments





Welcome

- Cynthia Gomez, Governor's Tribal Advisor
- Yvette Stowers, Deputy Controller
- Jozel Brunett, Chief Counsel, FTB
- Maria Brosterhous, Tax Counsel, FTB

Contacts

- Franchise Tax Board, Deputy Tribal Liaison
 - Michael Preskar
 - 916-845-5384
 - Michael.Preskar@ftb.ca.gov
- Government Operations Agency, Tribal Liaison
 - Holly Pearson
 - 916-651-9041
 - Holly.Pearson@govops.ca.gov




Resources

Franchise Tax Board public website:

ftb.ca.gov/individuals/Native_Americans/index.shtml

- Guidance
- Updates
- Reports

FTB Native American Webpage

 **Income Taxation of Native Americans**

On July 14, 2015, at 1:30 p.m. FTB will hold a [Tribal Leaders' Consultation Session and Interested Parties Meeting](#) in Goldberg Auditorium.

We published [Legal Ruling 2015-1](#) which provides guidance regarding factors FTB will use to determine whether a tribal member resides on or off the reservation.

Generally, California taxes the entire income of California residents, and the California source income of nonresidents. However, if you meet certain requirements, your income is exempt from California tax.

- [California income tax exemption requirements](#)
- [Indian country](#)
- [Per capita distribution](#)
- [When California taxes Native American income](#)
- [Forms to include when you file your return](#)
- [Revenue Procedure 2014-35](#)
- [FTB's Tribal Leaders Consultation Session Report from September 18, 2013, interested parties meeting](#)

California income tax exemption requirements

For your income to be exempt from California tax, you must meet all of the following requirements:

- You must be a member of a federally recognized Indian tribe.
 - Go to [bia.gov](#) or [ncsl.org](#) and search for **federally recognized tribes**.
- You must live in your tribe's Indian country, which includes:
 - Reservations.
 - Dependent Indian communities.
 - Indian trust allotments.

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Forms and publications

Withholding on Per Capita Income

Withholding on California Source Income

Board of Equalization – American Indian Tribal Issues

The Governor's Office of the Tribal Advisor

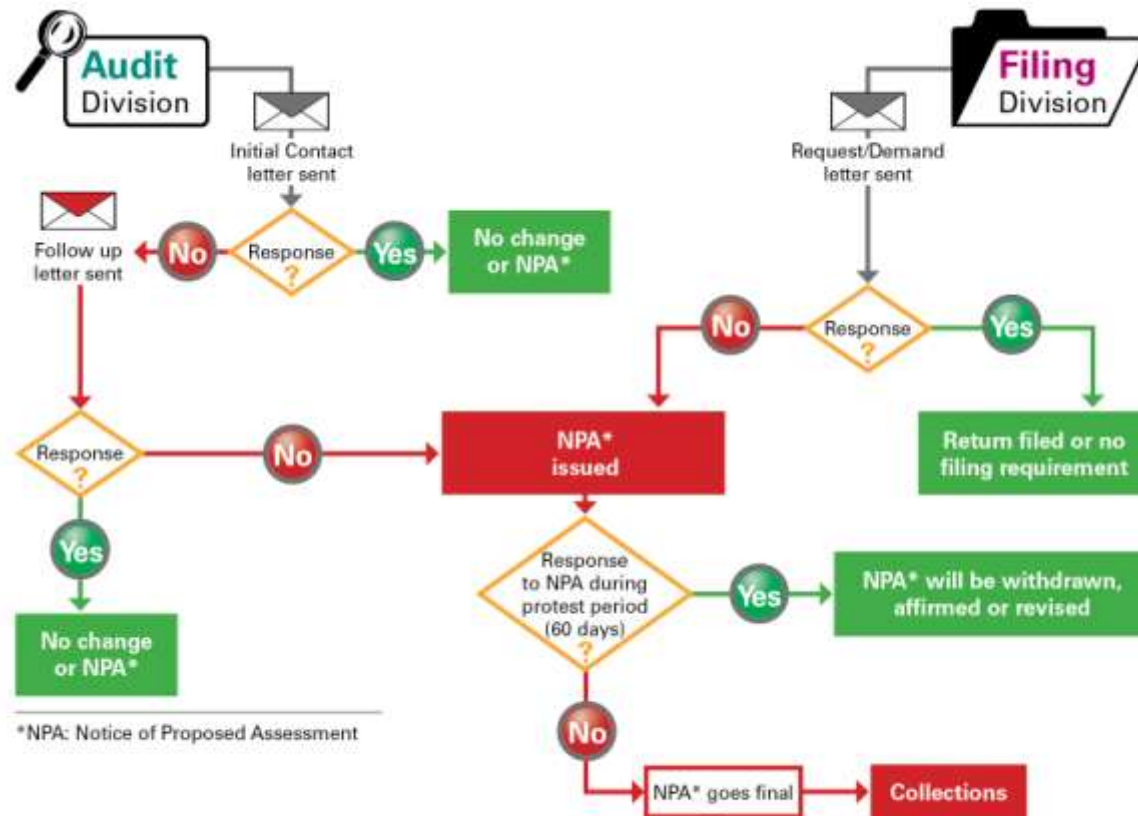


Audit & Filing Process

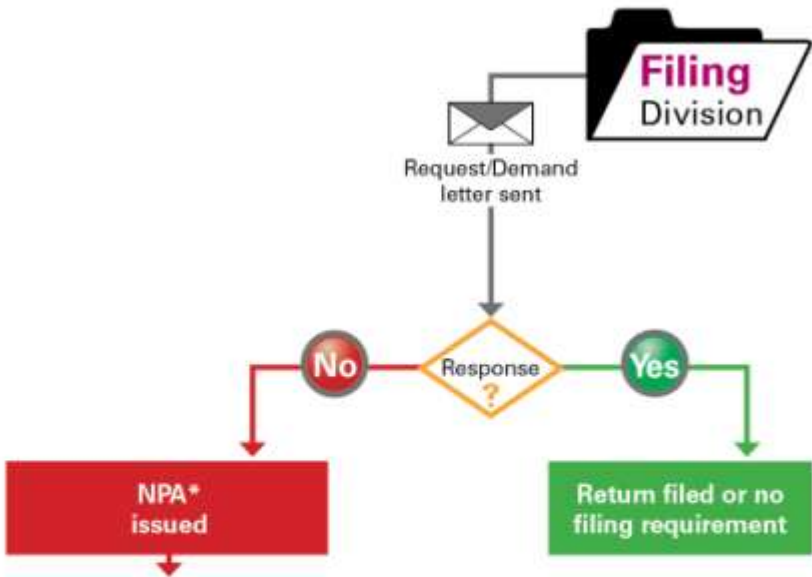
Franchise Tax Board Divisions

- Executive Office
- **Accounts Receivable Management (ARM)**
- Administrative Services
- **Audit**
- **Filing**
- Finance and Executive Services
- Legal
- Technology

Audit & Filing Process

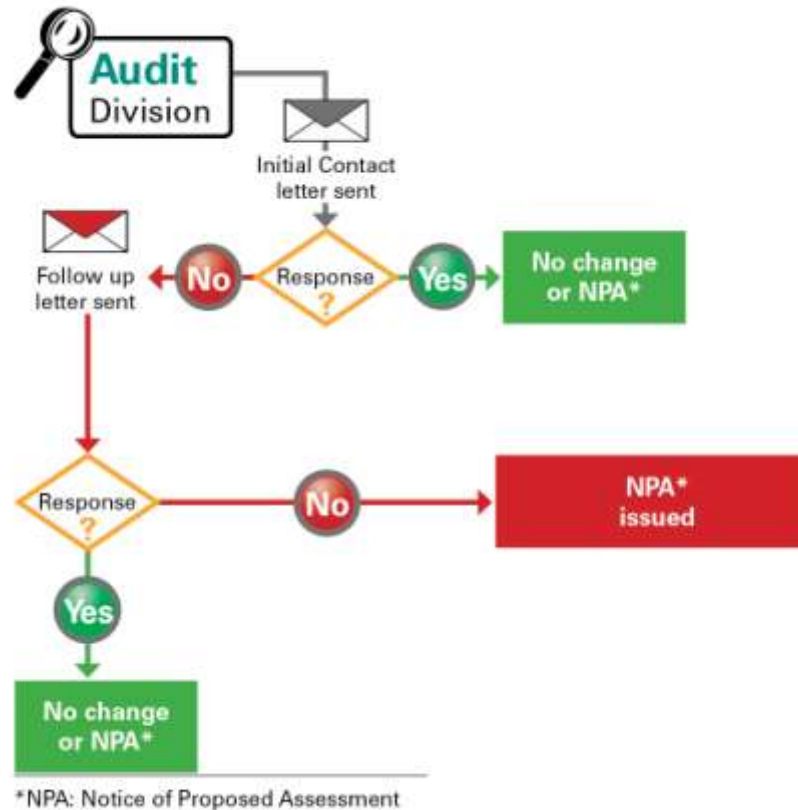


Audit & Filing Process

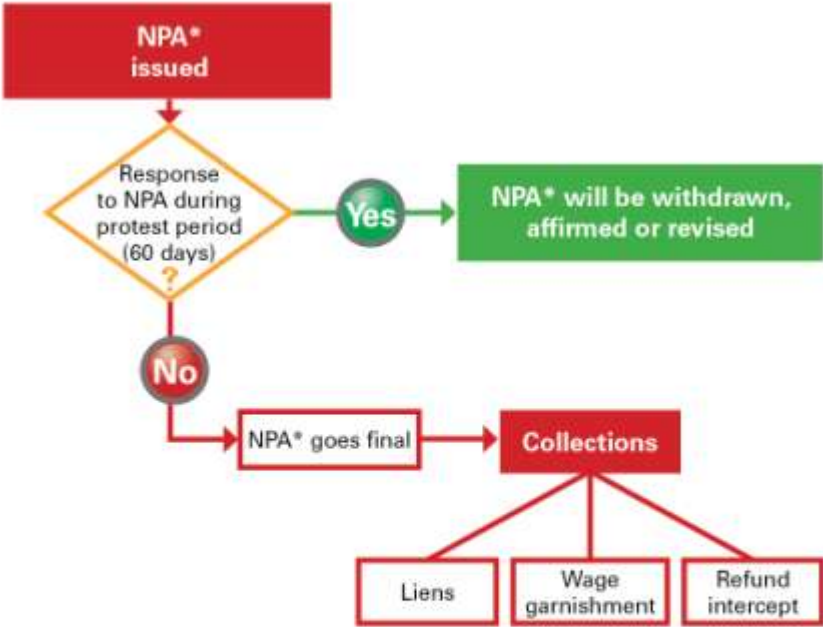


*NPA: Notice of Proposed Assessment

Audit & Filing Process



Audit & Filing Process



*NPA: Notice of Proposed Assessment

Audit & Filing Process

- When a California income tax return is filed
 - Audit staff may send initial contact letter if additional information is necessary beyond what is provided on the return
- When a California income tax return is not filed
 - Automated computer systems cannot determine who is an enrolled member
 - Automated systems cannot determine if income is reservation source
 - Automated systems cannot determine if member is residing on his/her reservation

Proposed Options

- Declaration Form
- Electronic List

We believe these option will reduce:

- Filing enforcement letters
- Audit initial contact letters
- Collection activity

Declaration Form

- Filed Annually
- Filed as a stand alone form (if no income is taxable by California)
- Attached to California return (if some income is taxable by California)
- Available late 2016/early 2017 for tax year 2016

Declaration Form

Proposed Contents:

- Tribal Member's first & last name
- Social Security Number
- Physical Address
- Mailing Address (if different)
- Tribe & enrollment number
- Reservation residing on and dates of residency
- Information regarding exempt income such as source and income type
- Residential properties owned off the reservation and usage information
- Tribal Member's signature under penalty of perjury
- Tribal Official's signature under penalty of perjury based upon personal knowledge

Electronic List

- Provided Annually
- Identify members living on reservation
- Certified by tribal government official
- Electronic format (Excel)
- Reduce automated letters sent to members
- Could be interim option (until 2016 declaration form is ready) OR long term option
- Potentially available for tax year 2015

Comments

- Open Comments
- Written Comment period: 60 days (Monday, September 14, 2015)
- Send to Maria Brosterhous
 - Email: Maria.Brosterhous@ftb.ca.gov
 - US Postal:

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Rancho Cordova, CA 95741-1720

Thank you!

